

CHASE TOWNSHIP
LAKE COUNTY, MICHIGAN
43-1010
AUDIT REPORT
MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name CHASE TOWNSHIP	County LAKE
Audit Date 3-31-2004	Opinion Date 8-23-2004	Date Accountant Report Submitted to State: 9-10-2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

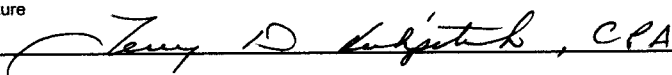
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) TERRY KIRKPATRICK, CPA, PC			
Street Address 211 MAPLE STREET	City BIG RAPIDS	State MI	ZIP 49307
Accountant Signature 		Date 9-10-04	

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TERRY KIRKPATRICK, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

August 23, 2004

To the Honorable Supervisor and Members of the Chase Township
Board, Lake County, Michigan:

We have audited the accompanying general purpose financial statements of the Township of Chase, Lake County, Michigan as of and for the year ended March 31, 2004, as listed on the contents page. These general purpose financial statements are the responsibility of management of Chase Township. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The scope of our audit did not include verification of the fund balances at April 1, 2003.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to determine the validity of beginning fund balances, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Chase, Lake County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary financial data, as listed on the contents page, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Chase, Lake County, Michigan. Such additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Terry Kirkpatrick, CPA, P.C.

Chase Township – Lake County, Michigan
Combined Balance Sheet – All Fund Types and Account Groups
March 31, 2004

	Governmental		Fiduciary		Account		Totals
	Fund Types		Fund Type		Group		
	General	Special Revenue	Agency Fund	General	Fixed Assets	(Memorandum Only)	
ASSETS							
Cash in Bank	\$ 117,896	\$ 31,665	\$ 18,407	\$ 0	\$ 0	\$ 167,968	
Certificate of Deposit	38,518	10,000	0	0	0	48,518	
Taxes Receivable	3,773	0	0	0	0	3,773	
Due from Current Tax Fund	18,407	0	0	0	0	18,407	
Land	0	0	0	22,000	0	22,000	
Building and Improvements	0	0	0	104,730	0	104,730	
Equipment and Furniture	0	0	0	7,391	0	7,391	
Total assets	\$ 178,594	\$ 41,665	\$ 18,407	\$ 134,121	\$ 0	\$ 372,787	
LIABILITIES AND FUND EQUITY							
Payroll Deductions Payable	\$ 612	\$ 0	\$ 0	\$ 0	\$ 0	\$ 612	
Due to General Fund	0	0	18,407	0	0	18,407	
Investment in General Fixed Assets	0	0	0	134,121	0	134,121	
Fund Balance	177,982	41,665	0	0	0	219,647	
Total liabilities and fund equity	\$ 178,594	\$ 41,665	\$ 18,407	\$ 134,121	\$ 0	\$ 372,787	

The "Notes to Financial Statements" are an integral part of these statements.

Chase Township – Lake County, Michigan

Combined Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Fund Types

For the Year Ended March 31, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
REVENUES			
Taxes	\$ 19,728	\$ 0	\$ 19,728
State Grants	84,652	991	85,643
Charges for Services	1,340	0	1,340
Interest and Rents	2,472	440	2,912
Other Revenues	3,481	11,978	15,459
Total revenues	<u>111,673</u>	<u>13,409</u>	<u>125,082</u>
EXPENDITURES			
Legislative	9,312	0	9,312
General Government	37,602	0	37,602
Public Safety	16,166	0	16,166
Public Works	7,604	0	7,604
Recreation and Cultural	1,164	50,013	51,177
Other Functions	6,189	0	6,189
Total expenditures	<u>78,037</u>	<u>50,013</u>	<u>128,050</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	33,636	(36,604)	(2,968)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	0	9,376	9,376
Operating Transfers Out	(9,376)	0	(9,376)
Total other financing sources (uses)	<u>(9,376)</u>	<u>9,376</u>	<u>0</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	24,260	(27,228)	(2,968)
FUND BALANCE - APRIL 1, 2003	153,722	68,893	222,615
FUND BALANCE - MARCH 31, 2004	<u>\$ 177,982</u>	<u>\$ 41,665</u>	<u>\$ 219,647</u>

The "Notes to Financial Statements" are an integral part of these statements.

Chase Township – Lake County, Michigan

Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – All Governmental Fund Types
For the Year Ended March 31, 2004

	<u>General Fund</u>		Variance Favorable (Unfavorable)	<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>		<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES						
Taxes	\$ 0	\$ 19,728	\$ 19,728		\$ 0	0
State Grants	97,500	84,652	(12,848)		991	991
Charges for Services	3,400	1,340	(2,060)		0	0
Interest and Rents	5,000	2,472	(2,528)		440	440
Other Revenues	3,250	3,481	231		11,978	11,978
Total revenues	109,150	111,673	2,523	\$ 0	13,409	\$ 13,409
EXPENDITURES						
Legislative	15,000	9,312	5,688		0	0
General Government	50,345	37,602	12,743		0	0
Public Safety	17,250	16,166	1,084		0	0
Public Works	32,000	7,604	24,396		0	0
Recreation and Cultural	500	1,164	(664)		50,013	50,013
Other Functions	4,500	6,189	(1,689)		0	0
Total expenditures	119,595	78,037	41,558	0	50,013	(50,013)
EXCESS OF REVENUES OVER (UNDER EXPENDITURES)	(10,445)	33,636	44,081	0	(36,604)	(36,604)
OTHER FINANCING SOURCES (USES)						
Operating Transfer in	0	0	0	9,376	9,376	0
Operating Transfer out	(9,376)	(9,376)	0	0	0	0
Total other financing sources (uses)	(9,376)	(9,376)	0	9,376	9,376	0

EXCESS OF REVENUES AND OTHER
FINANCING SOURCES OVER (UNDER)
EXPENDITURES AND OTHER USES

(19,821)	24,260	44,081	0	(27,228)	(27,228)
153,722	153,722	0	68,893	68,893	0
<u>\$ 133,901</u>	<u>\$ 177,982</u>	<u>\$ 44,081</u>	<u>\$ 68,893</u>	<u>\$ 41,665</u>	<u>\$ (27,228)</u>

FUND BALANCE - April 1, 2003
FUND BALANCE - March, 2004

The "Notes to Financial Statements" are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

Chase Township – Lake County, Michigan

Notes to Financial Statements

For the Year Ended March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 “The Financial Reporting Entity”, these financial statements present Chase Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Basis of Presentation

The accounts of the Township are organized and operated on the basis of funds and accounts groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded in those funds.

The financial activities of Chase Township are recorded in separate funds and account groups categorized as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of: (1) general local unit governmental departments, boards and commissions; (2) court systems; (3) law enforcement; and (4) health, welfare and medical assistance. The fund includes the general operating expenditures of the local unit.

Special Revenue Funds

These funds are used to account for specific revenue (other than expendable trusts or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

FIDUCIARY FUNDS

Trust and Agency Funds

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include: (a) Expendable Trust Funds; (b) Nonexpendable Trust; (c) Pension Trust Fund; and (d) Agency Funds.

ACCOUNT GROUPS

General Fixed Assets Account Group

This Account Group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

Chase Township – Lake County, Michigan

Notes to Financial Statements – Continued

For the Year Ended March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

General Fixed Assets Account Group – Continued

Fixed assets used in the general operation of the Township are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters are not capitalized.

Basis of Accounting

The accrual basis of accounting is used by the Proprietary Funds, Pension Trust Funds, and Nonexpendable Trust Funds. The modified-accrual basis of accounting is used by all Governmental Funds, Agency Funds and Expendable Trust Funds. Revenue and all other sources are recognized in the accounting period in which they become susceptible to accrual - that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred. Modifications from the accrual basis are as follows:

- a. Property tax revenue should be recognized in accordance with MCGAA Statement 3:

Properties are assessed and lienied as of December 31 and their related property taxes are billed on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County delinquent tax rolls.
- b. Interest income on special assessments receivable is not accrued until its due date.
- c. Interest expense on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- d. Payments for inventorable types of supplies are recorded as expenditures at the time of purchase.
- e. Normally, expenditures are not divided between years by the recording of prepaid expenses.

Current Taxes

The Chase Township property tax is levied on each December 1st on the taxable valuation of property located in Chase Township as of the preceding December 31st.

Although the Chase Township 2003 ad valorem tax is levied and collectible on December 1, 2003, it is Chase Township's policy to recognize revenue from the current tax levy.

The 2003 taxable valuation of Chase Township totaled \$21,527,000, on which ad valorem taxes levied consisted of .9046 mills for Chase Township operating purposes. These amounts are recognized in the General Fund.

Budgetary Data

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. At the board meeting in March, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the General fund.

Chase Township – Lake County, Michigan

Notes to Financial Statements – Continued

For the Year Ended March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Budgetary Data - Continued

- Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- Prior to March 31, the budget is legally enacted on departmental (activity) basis through passage of a resolution.
- Budget and appropriations lapse at year-end except for approved contracts and certain federal grants which are appropriated on a contract (grant) or entitlement-length basis.

Total Column on Combined Statements – Overview

The total column on the Combined Statements is captioned “Memorandum Only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation because interfund eliminations have not been made in the aggregation of this data.

NOTE B – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

Assets and Liabilities

- Schedule of Changes in General Fixed Assets

	Balance 4/1/2003	Additions	Deletions	Balance 3/31/2004
Land	\$ 22,000	\$ 0	\$ 0	\$ 22,000
Building & Improvements	77,530	27,200	0	104,730
Equipment & Furniture	7,391	0	0	7,391
	<u>\$ 106,921</u>	<u>\$ 27,200</u>	<u>\$ 0</u>	<u>\$ 134,121</u>

NOTE C – BALANCE SHEET – CASH AND INVESTMENTS

Deposits are carried at cost. Deposits are in two financial institutions in the name of Chase Township. Michigan Compiled Laws, Section 129.91, authorizes Chase Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations. Investments can also be made in bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States, which are guaranteed as to principal and interest by the United States, including securities issued by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated with the two highest classifications by not less than two standard rating services which mature not more than 270 days after the date of purchase. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan, unless the out-of-state bank has a branch office in Michigan. The Chase Township deposits are in accordance with statutory authority.

Chase Township – Lake County, Michigan

Notes to Financial Statements – Continued

For the Year Ended March 31, 2004

NOTE C – BALANCE SHEET – CASH AND INVESTMENTS - Continued

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosure for deposits at year-end are as follows:

	<u>Bank Balance</u>
	Primary
<u>Deposits</u>	<u>Government</u>
Insured (FDIC)	\$ 130,000
Uninsured	86,643
Total deposits	<u>\$ 216,643</u>

At year end, the balance sheet carrying amount of deposits was \$216,486.

NOTE D – RISK FINANCING

Chase Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; liability; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims for these risks have not exceeded insurance coverage for the past two years.

***COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS***

Chase Township – Lake County, Michigan

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes			
Current property taxes	\$ 0	\$ 19,728	\$ 19,728
State Grants			
State shared revenue	97,500	84,652	(12,848)
Charges for Services			
Land division fees	100	55	(45)
Cemetery lot sales	300	60	(240)
Grave openings	3,000	1,225	(1,775)
Total charges for services	3,400	1,340	(2,060)
Interest and Rents			
Interest on investments	1,500	305	(1,195)
Hall rental	3,500	2,167	(1,333)
Total interest and rents	5,000	2,472	(2,528)
Other Revenue			
Special assessments	1,500	2,222	722
Reimbursements	1,750	1,259	(491)
Total other revenue	3,250	3,481	231
Total revenues	109,150	111,673	2,523
EXPENDITURES			
Legislative			
Township Board			
Per diem	2,100	2,250	(150)
Supplies	500	273	227
Contracted services	11,500	5,934	5,566
Printing and publishing	200	173	27
Miscellaneous	700	682	18
Total legislative	15,000	9,312	5,688
General Government			
Supervisor			
Salaries and wages	5,100	5,100	0
Supplies	100	10	90
Mileage	200	156	44
Total supervisor	5,400	5,266	134
Elections			
Salaries and wages	2,500	1,944	556

Chase Township – Lake County, Michigan

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Continued For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Assessor			
Salaries and wages	10,000	10,000	0
Supplies	500	409	91
Total assessor	10,500	10,409	91
Clerk			
Salaries and wages	5,400	5,400	0
Office supplies	500	448	52
Mileage	100	42	58
Total clerk	6,000	5,890	110
Board of Review			
Salaries and wages	500	34	466
Treasurer			
Salaries and wages	5,460	5,160	300
Office supplies	1,000	656	344
Mileage	120	55	65
Total treasurer	6,580	5,871	709
Township Hall			
Supplies	400	98	302
Utilities	2,700	3,024	(324)
Repairs and maintenance	11,200	513	10,687
Total township hall	14,300	3,635	10,665
Cemetery			
Salaries and wages	4,000	4,017	(17)
Utilities	165	163	2
Repairs and maintenance	400	373	27
Total cemetery	4,565	4,553	12
Total general government	50,345	37,602	12,743
Public Safety			
Fire Protection			
Contracted services	17,250	16,166	1,084
Public Works			
Highways and Streets			
Contracted services	28,000	4,000	24,000
Street Lighting			
Utilities	4,000	3,604	396
Total public works	32,000	7,604	24,396

Chase Township – Lake County, Michigan

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Continued For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Recreation and Cultural			
Library			
Repairs and maintenance	500	1,164	(664)
Other Functions			
Insurance and Bonds			
Insurance	4,500	4,602	(102)
Social security and medicare tax	0	1,587	(1,587)
Total other functions	<u>4,500</u>	<u>6,189</u>	<u>(1,689)</u>
Total expenditures	<u>119,595</u>	<u>78,037</u>	<u>41,558</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,445)	33,636	44,081
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	<u>(9,376)</u>	<u>(9,376)</u>	<u>0</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(19,821)	24,260	44,081
FUND BALANCE - April 1, 2003	153,722	153,722	0
FUND BALANCE - March 31, 2004	<u>\$ 133,901</u>	<u>\$ 177,982</u>	<u>\$ 44,081</u>

Chase Township – Lake County, Michigan

Library Fund

Balance Sheet

March 31, 2004

ASSETS

Cash in Bank	\$	31,665
Certificates of Deposit		<u>10,000</u>
Total assets	\$	<u><u>41,665</u></u>

LIABILITIES AND FUND EQUITY

Fund Balance	\$	<u><u>41,665</u></u>
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Chase Township – Lake County, Michigan

Library Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
State Grants			
State shared revenue		\$ 991	
Interest and Rents			
Interest earned		440	
Other Revenue			
Penal fines		8,960	
Miscellaneous		3,018	
Total other revenue		11,978	
Total revenues	\$ 0	13,409	\$ 13,409
EXPENDITURES			
Recreation and Cultural			
Library			
Salaries and wages		8,750	
Office supplies		3,457	
Contract services		1,058	
Books and magazines		2,265	
Telephone		884	
Transportation		23	
Workshops		35	
Utilities		3,411	
Repair and maintenance		950	
Miscellaneous		623	
Memberships and dues		688	
Social security and medicare tax		669	
Capital outlay- bldg		27,200	
Total expenditures	0	50,013	(50,013)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	0	(36,604)	(36,604)
OTHER FINANCING SOURCES (USES)			
Operating Transfers in	0	9,376	9,376
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	0	(27,228)	(27,228)
FUND BALANCE - April 1, 2003	68,893	68,893	0
FUND BALANCE - March 31, 2004	\$ 68,893	\$ 41,665	\$ (27,228)

SUPPLEMENTARY FINANCIAL DATA

Chase Township – Lake County, Michigan

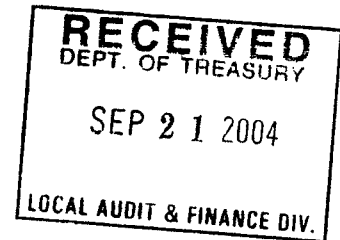
Current Tax Fund

Statement of 2003 Tax Levy – Receipts and Disbursements
For the Year Ended March 31, 2004

	Rate In Mills	Taxable Valuation	2003 Tax Levy	Returned Delinquent	Total Taxes Collected
Lake County	11.3716	\$ 21,527,000	\$ 244,821	\$ 39,352	\$ 205,469
Chase Township					
General	.9046	21,527,000	19,472	3,130	16,342
Street Light S/A			2,222	643	1,579
Reed City Public Schools - Operating	18.0000	6,539,000	117,694	15,917	101,777
- Debt	2.1000	21,527,000	45,224	7,280	37,944
Mecosta - Osceola ISD	4.1080	21,527,000	88,444	14,217	74,227
			<u>\$ 517,877</u>	<u>\$ 80,539</u>	<u>\$ 437,338</u>
Receipts					
Total taxes collected			\$		\$ 437,338
Penalties and interest					256
Interest					68
Total receipts			\$		<u>\$ 437,662</u>
Disbursements					
Lake County			\$		\$ 205,468
Chase Township					0
Reed City Public Schools					139,721
Mecosta - Osceola ISD					74,227
Total disbursements			\$		<u>\$ 419,416</u>

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August 23, 2004

Members of the Chase Township Board
Chase Township
Lake County, MI

We recently completed our audit of the general purpose financial statements of Chase Township for the year ended March 31, 2004. During our audit, we had an opportunity to test internal controls and to observe the accounting and financial procedures and many of the general management practices of the Chase Township. Based upon these tests and observations, there are several matters that we specifically want to call to your attention.

LIBRARY FINANCIAL RECORD KEEPING

Since the Library is a Chase Township library, the Township Clerk and Treasurer should record its financial transactions in much the same way they do for the general fund. Also, as with the general fund checks, both should be signing the Library checks. The Clerk should receive a copy of the bank statements from the Treasurer for all bank accounts (including the Library) each month also.

LIBRARY FUND BUDGET

The Township Board should adopt the budget each year for the Library too. The invoices to be paid by the Library should also be approved by the Township Board prior to payment, just as is done with the general fund.

OTHER MATTERS

We have enjoyed working with your staff. Their competence and assistance were instrumental in our timely completion of the audit.

Two copies of the audit report, the auditing procedures report, and this letter should be mailed to the Michigan Department of Treasury, Local Audit Division. A pre-addressed envelope is being provided for your convenience.

If you have any questions regarding this letter or the audit, please do not hesitate to contact us.

Terry Kirkpatrick, CPA, P.C.